PREIT and The Macerich Company Form Joint Venture to Redevelop The Gallery in Philadelphia

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PHILADELPHIA, July 29, 2014 /PRNewswire/ -- Pennsylvania Real Estate Investment Trust (PREIT/NYSE: PEI) and Macerich Company (Macerich/NYSE: MAC) today announced a joint venture partnership to redevelop The Gallery in downtown Philadelphia. Through this partnership, PREIT will capitalize on Macerich's extensive expertise in developing and leasing vertical, multi-use projects in dense, urban environments and Macerich will benefit from PREIT's Philadelphia-area relationships and retail dominance.

Under the terms of the agreement, Macerich will acquire a 50% common ownership interest in The Gallery for $106.8 million. Macerich and PREIT will jointly handle the development, leasing and management of The Gallery. Costs related to the future development will be split 50/50 between the companies.

The Gallery, approximately 1,400,000 square feet is located in the heart of Philadelphia, strategically positioned where mass transit, tourism, the residential population and employment base converge. The joint venture redevelopment is expected to build upon the offerings of the previously announced Century 21 anchor transaction and realize PREIT's vision to create Philadelphia's only transit-oriented, retail anchored multi-use property offering accessible luxury retailing and artisan food experiences.

"We are thrilled to be partnering with Macerich, an established developer and operator, to bring a one-of-a-kind, premier center to Philadelphia," said Joseph F. Coradino, CEO of PREIT. "Macerich has a proven track record of developing leading properties in attractive U.S. markets and we look forward to leveraging their deep experience and strong leasing relationships to unlock significant value in The Gallery. This joint venture allows PREIT to maintain a strong balance sheet and minimize execution risk as we continue to capitalize on strategic opportunities to enhance our portfolio, for the benefit of all PREIT shareholders."

Art Coppola, Chairman and CEO of Macerich commented, "This joint venture represents a great opportunity to participate in one of the top real estate markets in the United States with a high quality asset. The Gallery is aligned with the type of assets we look for; it has dominant positioning and strong long-term growth prospects. I look forward to working closely with the management team at PREIT as we combine our knowledge and skills to create an unparalleled shopping and dining environment for shoppers."

About Pennsylvania Real Estate Investment Trust
PREIT is a real estate investment trust specializing in the ownership and management of differentiated retail shopping malls designed to fit the dynamic communities they serve. Founded in 1960 as Pennsylvania Real Estate Investment Trust, the Company owns and operates over 30 million square feet of space in properties in 12 states in the eastern half of the United States with concentration in the Mid-Atlantic region and Greater Philadelphia. PREIT is headquartered in Philadelphia, Pennsylvania, and is publicly traded on the NYSE under the symbol PEI. Information about the Company can be found at preit.com or on Twitter or LinkedIn.

About Macerich
Macerich, an S&P 500 Company, is a fully integrated self-managed and self-administered real estate investment trust, which focuses on the acquisition, leasing, management, development and redevelopment of regional malls throughout the United States. Macerich currently owns approximately 57 million square feet of gross leasable area consisting primarily of interests in 55 regional shopping centers. Additional information about Macerich can be obtained from the Company's website at http://www.macerich.com/.

Forward Looking Statements
This press release contains certain "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans, strategies, anticipated events, trends and other matters that are not historical facts. These forward-looking statements reflect our current views about future events, achievements or results and are subject to risks, uncertainties and changes in circumstances that might cause future events, achievements or results to differ materially from those expressed or implied by the forward-looking statements. In particular, our business might be materially and adversely affected by uncertainties affecting real estate businesses generally as well as the following, among other factors: our substantial debt, stated value of preferred shares and our high leverage ratio; constraining leverage, interest and tangible net worth covenants under our 2013 Revolving Facility, our 2014 Term Loans and Letter of Credit; potential losses on impairment of certain long-lived assets, such as real estate, or of intangible assets, such as goodwill, including such losses that we might be required to record in connection with any dispositions of assets; changes to our corporate management team and any resulting modifications to our business strategies; our ability to refinance our existing indebtedness when it matures, on favorable terms or at all; our ability to raise capital, including through the issuance of equity or equity-related securities if market conditions are favorable, through joint ventures or other partnerships, through sales of properties or interests in properties, or through other actions; our ability to identify and execute on suitable acquisition opportunities and to integrate acquired properties into our portfolio; our short- and long-term liquidity position; current economic conditions and their effect on employment, consumer confidence and spending and the corresponding effects on tenant business performance, prospects, solvency and leasing decisions and on our cash flows, and the value and potential impairment of our properties; general economic, financial and political conditions, including credit market conditions, changes in interest rates or unemployment; changes in the retail industry, including consolidation and store closings, particularly among anchor tenants; the effects of online shopping and other uses of technology on our retail tenants; our ability to sell properties that we seek to dispose of or our ability to obtain estimated sale prices; our ability to maintain and increase property occupancy, sales and rental rates, in light of the relatively high number of leases that have expired or are expiring in the next two years; acts of violence at malls, including our properties, or at other similar spaces, and the potential effect on traffic and sales; increases in operating costs that cannot be passed on to tenants; risks relating to development and redevelopment activities; concentration of our properties in the Mid-Atlantic region; changes in local market conditions, such as the supply of or demand for retail space, or other competitive factors; and potential dilution from any capital raising transactions. Additional factors that might cause future events, achievements or results to differ materially from those expressed or implied by our forward-looking statements include those discussed in our most recent Annual Report on Form 10-K and in any subsequent Quarterly Report on Form 10-Q in the section entitled "Item 1A. Risk Factors." We do not intend to update or revise any forward-looking statements to reflect new information, future events or otherwise.

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